States' search for new revenues will affect drug stores

Continued from page 3

into law by California's Governor last year, amends that state's existing polygraph statute to declare the results of lie detector tests inadmissable in criminal proceedings.

NACDS anticipates a new rash of restrictive polygraph bills this year, particularly in the heavily unionized North Central States.

At the same time, the chain drug association will be on the watch for other legislative issues on the state levels, including a number that began simmering last year.

• Look-alike drug restrictions—At least eight states from Arkansas to Alaska enacted legislation outlawing so-called "imitation controlled substances" during the '83 session, and similar measures are likely to surface in additional areas this year. Nevada's new law—which is typical of these bills—makes it a crime to manufacture, distribute, sell or possess with the intent to sell any non-controlled substance which appears to be, or is represented to be, a controlled drug.

• Antitampering legislation—Half a dozen new state antitampering laws took effect during '83, most of which establish severe criminal penalties for deliberately adulterating any drug or food product with the intent to cause bodily harm.

Maryland's new law, however, makes it a misdemeanor for shoppers to open any sealed package in a retail store (without approval from the management).

• Pharmacy practice and operations—Dozens of new state laws affecting the role of retail pharmacists cleared the legislatures last year and even more are expected during '84. Among the more significant: *Arkansas'* new requirement that out-of-state pharmacies can be licensed by the state pharmacy board before mailing any Rx drugs to Arkansas patients; *Arizona*'s law requiring that pharmacy records and inventories be made available for inspection by law enforcement.

Maryland's statute allowing state pharmacy board officials to revoke the licenses of pharmacists who submit false statements to collect a fee; *Mississippi*'s freshly rewritten Pharmacy Practices Act which now mandates continuing education and raises licensing fees; *Nebraska*'s new requirement that the state board of pharmacy examiners include at least three nonhospital pharmacists and one lay member.

New Hampshire's decision to replace the state's generic formulary with F.D.A.'s list of approved drugs with therapeutic equivalents; *Nevada*'s Pharmacy Act amendments permitting prescriber dispensing of Rx drugs; a separate *Nevada* law authorizing the pharmacy board to permit drug prescribing by certified registered nurses; *New York*'s new one-controlled-substance-per-Rx-form requirement.

Oklahoma's tough new five-year-to-life pharmacy robbery law; *Oregon*'s statute requiring pharmacists to explain the state-required generic substitution information sign to patients who appear unable to read.

Tennessee's measure making CE mandatory for relicensure effective next July, and *Virginia*'s new law obliging pharmacists to double-check with prescribers on suspicious Rxs.

Duane Reade plans to go public

Continued from page 1

Currently, their 21 stores average $5 million a year plus. Theoretically they only need another 18 to 19 stores to achieve their ambitious goal.

The remarkable accomplishment about Duane Reade stores, however, is their average sales per square foot: approximately 10 times the industry average. Their 4,000- to 5,000-sq.-ft., mostly downtown urban stores do an approximate $1,011 a year in annual sales per square foot.

In addition to being located in highly trafficked urban areas, easily accessible to hordes of office workers and shoppers, the Duane Reade stores typically feature the hottest prices in town.

The bulk of their merchandise is bought on deal. "We were discounting before anyone else in the industry ever thought of low-margin stores," says Eli Cohen.

"That's another reason why we decided to go public now. The off-price concept is hot. There are wholesale clubs and warehouse drug stores opening up all over the country. Some of the major chains are even testing the concept. Well, we've been perfecting that business for 25 years, and now it's time for us to take it in new directions."

With just 21 stores now open, the Cohens feel they have ample room to expand in the Metro New York market. "We're going to wait until after our prospectus is out," says Cohen, "and then we're going to elaborate on our plans."

Since Duane Reade has always been a private company, there has never been any formal estimate of its profitability. But insiders say that their profit numbers are way above anything the normal competition has to offer. "Our numbers could wipe you out," one source confided recently.

The best estimate from knowledgeable sources is that Duane Reade's after-tax profits as a per cent of sales exceed 6%.

Walgreens expands home health

Continued from page 1

In fact, Walgreens director of Health Services Bill Thien believes customers confidence in the Walgreen name will carry over to home health care purchases. "Walgreens' strength in retailing can make us the customer's natural outlet choice."

And, according to Thien, there will be a greater need for these items in the years to come. "Containment of health care costs is of paramount concern in this country," he explained. "High costs and reduced insurance benefits are causing people to leave hospitals earlier. This requires use of products at home which were traditionally found only in hospital settings."

Walgreens' units (which average 3,500 sq. ft. of selling space) carry a wide selection of hospital beds, wheelchairs and physical therapy equipment available for sale or rental. The units also carry a full line of ostomy, urological and incontinent products.

Although Walgreens has moved cautiously into this business, the chain is optimistic and has met with success in its first unit. Industry sources estimate that this type of store produces sales of $400,000 to $500,000 per year and an ROI in the 17% to 18% range. Although the figures don't rival the $2 million pumped out per drug store, the home health care business yields margins of 35% and up and is less inventory-intensive.

Besides its Home Medical Centers, Walgreens offers a selection of home health care in most drug stores. In addition, customers in every Walgreens market will soon be able to order products through a Home Medical Center catalog.

According to a Walgreens representative, the chain is considering more centers. However, industry sources report that Walgreens Home Medical Centers will continue to approach the expansion of home health centers in a slow and calculated manner.

"We are carefully evaluating the potential for expansion in the home health care field," chairman Charles R. Walgreen said.

Pay 'n Save to open two Price Savers

Continued from page 1

Since warehouse operators intend to deliver their products at the lowest cost in any market, they usually situate their stores on cheap properties, which tend to be in out-of-the-way locations.

That means these stores do not directly compete with drug stores, which rely on convenience as their main selling point.

The warehouse units also do not have pharmacies. The Price Savers Wholesale Club units concentrate on major appliances, housewares, hardware, tools, sporting goods, seasonal merchandise, tobacco products, baby needs, plants, stationery and office supplies, books and food products.

Most merchandise will be bought direct from manufacturers.

Many of the warehouse operator's customers are expected to be other businesses. In this situation, the wholesale club is acting as a regular wholesaler.

However, the stores also are expected to draw the ordinary customer who belongs to a group such as an employee credit union. Other groups are expected to be Government employees and employees at utilities and financial institutions.

Businesses that buy from the wholesale club will have to pay an annual membership fee and group members will be charged slightly higher prices instead of the annual fee.

Shopping will be done in a bare-bones environment of open-beamed ceilings and cement floors. Merchandise will be stacked on pallets, and advertising will be kept to a minimum to further reduce the costs of doing business.

Food stores gain H&BA

Continued from page 2

While drug store dollar sales for the 25 leading H&BA categories advanced modestly, unit movement actually fell by less than a percentage point to 289.4 million pieces. At the same time, unit movement for mass merchandisers increased a robust 12% to 176 million and food-store unit movement gained 8% to 554.8 million.

With unit movement flat, drug stores lost market share to both food stores and mass merchandisers. Drug stores dropped 1.8 percentage points, while food stores gained one percentage point and mass merchandisers the remainder.

In a year-to-year comparison of September-October performance in the four major H&BA categories—men's products, remedies, oral hygiene and women's products—drug stores gained in dollar sales for all four, but dropped in unit movement for the two biggest categories, women's products (down 1% to 105.5 million) and remedies (down 2% to 74.5 million).

In dollar sales, drug stores had the following gains: men's products, up 6% to $82.4 million; remedies, up 3% to $210.6 million; oral hygiene, up 1% to $52.3 million, and women's products, up 1%.

Pathmark expands Super Centers

Continued from page 3

during the meeting the formation of a capital expenditure budget of $110 million, which will be used for the construction of new super centers and freestanding drug stores. Included among the eight new Super Centers will be a new 58,000-sq.-ft. prototype. Until now, the largest Pathmark Super Centers have averaged 48,000 sq. ft.

Lieberman reiterated the company's commitment to the large store concept, saying that they are "outstanding producers of volume and profit." Pathmark operates 104 supermarkets and 75 of them are Super Centers. The Super Centers contributed 65% of the chain's overall total supermarket volume last year.

He also emphasized the importance of Pathmark's in-store pharmacies, of which there are 111. "In 1982, these pharmacies filled over six million prescriptions—a level of activity that qualifies Pathmark as one of the leading drug chains in the Northeast," Leiberman noted. He said that the chain's pharmacy business has grown at nearly a 20% annual rate over the past five years.

At the same time, he pointed to the sales productivity of the chain's freestanding drug stores. Lieberman said that Pathmark's Manhattan drug stores were generating $1,000 a year per square selling foot and that 25% of the freestanding units' volume was from prescription business.

Supermarkets General, which in addition to its supermarket and drug store divisions, also operates Rickel home centers and a chain of Howland-Steinbach-Hochschild department stores. The company recently reported net earnings for the third quarter ended Oct. 29 of 7.8 million, up 39% over the same period last year.

Third quarter sales were $880.5 million, an increase of 10% from $801.5 million in 1982. Net earnings per share were 44¢, a year-to-year improvement of 38%.

Year-to-date earnings at Supermarkets General totaled $27.1 million compared to $22.4 million in 1982. Sales for the first nine months of fiscal year 1983 were $2.6 billion, up 9% over the same period last year.

Sav-On Drugs opens store with huge food department

Continued from page 3

bles—are all grouped together on one side of a gondola.

Generic and private label store brands come from the Jewel warehouse in Orange County while national brands are purchased from Certified Grocers of Calif., a co-op.

The store measures 34,000 sq. ft. in total size with 24,000 sq. ft. of selling space. The typical Sav-On measures an overall 22,000 sq. ft. with some 18,000 sq. ft. of selling space.

The merchandising is fairly conventional. Advertised items, which consist of stables normally carried on the shelves, are stocked on gondola ends. Unsold ad items are returned to the everyday shelf after the ad period ends.

The store has two levels. Under Ralphs' ownership, the second floor had been leased to Zody's discount department store, but Zody's closed, so Sav-On plans to lease the space for office or retail facilities.

Peoples targets Baltimore

Continued from page 3

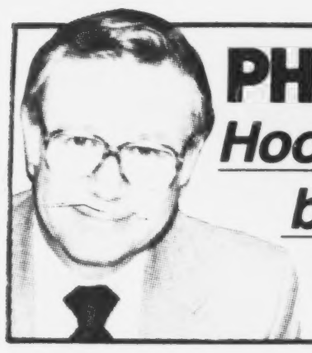
ditional ad dollars in Baltimore because advertising from the Washington market already overlaps into the Baltimore area.

Peoples, which currently has approximately 590 stores in 30 states, hopes to have 1,000 stores in operation by the end of 1990.

The chain is also carrying out a similar conversion strategy in Indianapolis, where it has 96 stores. Eighty of those stores were acquired when Peoples picked up the Haag chain in 1980. Now, however, all stores with the Haag name are being converted to Peoples.

Fantle hopes to achieve his growth plans by effectively "clustering" or filling in all the markets in which Peoples now operates. He then plans to spill over into "contiguous markets" so People's can perform with optimum visibility.

With a sufficient number of stores effectively dotted through its markets, Peoples can offer convenience service while simultaneously enjoying all the advantages that come from well-planned economies of scale.



PHARMACY

Hook's Keith Johns broadened by computer–p. 28

MERCHANDISER

New suncare items tied to cosmetics—p. 33

DRUG STORE NEWS

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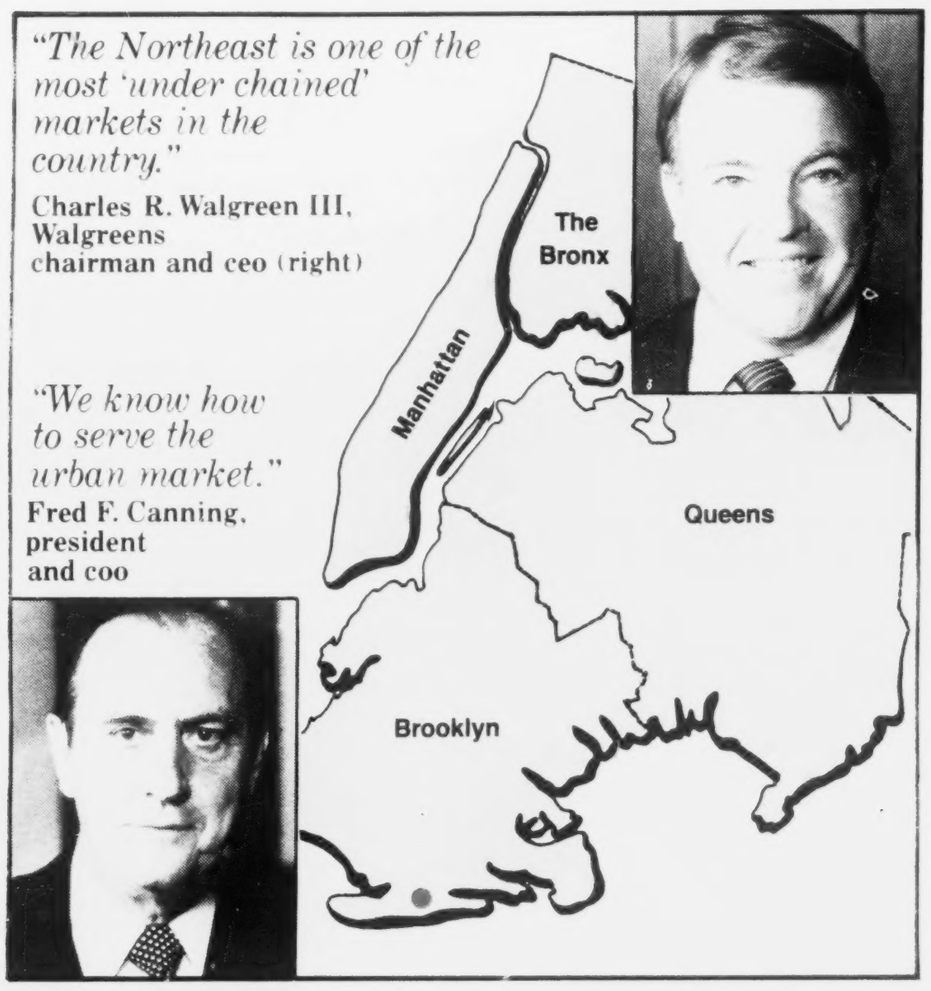
Walgreens readies new invasion of 'Big Apple'

"The Northeast is one of the most 'under chained' markets in the country."

Charles R. Walgreen III, Walgreens chairman and ceo (right)

"We know how to serve the urban market."

Fred F. Canning, president and coo



By Faye Brookman

DEERFIELD, Ill.—After a long retreat, Walgreens will renew its thrust into the $900 million New York City drug store market with one unit in Brooklyn and three more to follow in the boroughs of Queens and the Bronx.

The chain's first New York City launch in some two decades will take place in August in 8,000 sq. ft. of leased space in the Coney Island area of Brooklyn. The store will round out a shopping area that includes the Trump Village shopping center and a Waldbaum food store.

Chairman Charles R. Walgreen III and President Fred F. Canning announced the decision to a packed house of shareholders during the chain's annual meeting.

This is the first time in the past few years that the Deerfield, Ill.-based chain has set aside its winning strategy of expanding only in markets where it holds the No. 1 or No. 2 position.

But, as Walgreen told shareholders, the Northeast holds great growth potential because it is "one of the most underchained markets in the country."

While the move was unexpected, it did not shock Chicago-area operators who said it was "only natural" that Walgreens would want to re-establish a presence in the lucrative New York City market, considering its success in other urban areas.

Continued on page 50

Expansion brewing all over

CHICAGO—Walgreens has a heavy expansion plan on tap, in addition to the Big Apple, that calls for 80 new stores in fiscal 1984. The chain plans to add a minimum of 8% of additional selling space per year.

Besides Chicagoland, major expansions are planned for the San Francisco Bay Area (which will receive 11 stores), Milwaukee, St. Louis, Denver and the states of Texas and Florida. Texas and Florida have both been prime expansion markets over the past two years—at the end of 1981, Walgreens had 122 units in Texas compared with 142 now. Ninety-five stores were in Florida compared with 119 at the close of fiscal 1983.

Remodelings are also important in Walgreens' strategic plans. About 55 stores were remodeled in 1983 and 70 are slated for 1984 at a cost of $22 million.

FoxMeyer to acquire La.-based wholesaler

DALLAS—With the acquisition of I. L. Lyons & Co., a New Orleans-based drug wholesaler with estimated sales of more than $100 million, FoxMeyer Corp., headquartered here, has significantly extended its reach into the lucrative southeastern wholesale drug market.

In addition to increasing its sales base by more than 20%, the move will also provide the rapidly growing FoxMeyer with four more distribution centers.

When the acquisition is finalized during the first quarter of this year, William Tauscher, chairman of FoxMeyer will have achieved one of his primary objectives since taking the company public—namely a further penetration of the southeastern market. Lyons' principal areas of operations include Louisiana, Mississippi, Alabama, the Florida panhandle and parts of eastern Texas.

At the time of FoxMeyer's public offering in July last year, Tauscher indicated that the company would actively pursue new acquisitions in its existing operating region.

True to his word, in the months following the public offering FoxMeyer acquired three companies, including Lyons, doubled the number of its distribution centers and solidified its position as one of the major drug wholesalers in the Midwest and Southeast.

In September 1983, FoxMeyer purchased the Cincinnati Economy Drug Co. with sales of approximately $35 mil-

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To roll out wand/slot system

Pay 'n Save combines scanners

SEATTLE—After a 3½-month checkout scanning test combining both slot and handheld wand devices in a single store, Pay 'n Save this month will begin rolling out the system chainwide. Other chains have used one or the other device, but not both, in the same store.

A total of 12 stores in the Seattle area will be equipped by the end of the year. Chain execs estimate that it will take three to four years to complete stores in Washington, Oregon, Montana, Wyoming and California.

In the 30,000-sq.-ft. University Village test store, the chain used an NCR 2126 system involving six slot scanners at the central checkouts, plus one wand scanner in the cosmetics department, three wands in the camera department and one in pharmacy.

In addition, the chain was set to introduce on Feb. 15 the new backroom Tower computer, which is capable of producing shelf labels with UPC codes, updating price files and communicating with the mainframe computer at headquarters. It will replace a Decision Mate 5, which was used in the test.

Although slot scanners accounted for 90% of the transactions in the test, Dave Palmer, former pharmacy supervisor who is now special projects coordinator, said there were two reasons for using wands.

"One is the physical constraints of counter space in those three departments and two is in customer conve-

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Dominick's uses Rx to hike margins

CHICAGO—Faced with stiff competition among food operators in its Chicago trade area, Dominick's food stores has decided to test the food/drug combo format as a method to hike gross margins.

The chain's first combo, a 63,000-sq.-ft. Dominick's Family Center, was unwrapped in November and is gaining favor with shoppers on the South Side of Chicago, according to Dominick's vp advertising Larry Nauman.

Patterned closely after the successful Jewel/Osco format, Dominick's is split about 80% food and 20% pharmacy and drug store merchandise. The store also resembles Giant Food and Pathmark superstores with a few new merchandise twists thrown in to differentiate Dominick's from other combos.

Continued on page 49

Dominick's new food/drug combo uses a different tack in cosmetics than the Jewel/Osco format. Shown here is the full-service bullpen area that features high-ticket fragrances.

Highlights

WALGREENS SALES UP

- Led by strong drug division gains, Walgreens sales for the first quarter increased 16.4%—p. 6.

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ACPE CONTINUING EDUCATION PROGRAM

The new human insulins—pp. 15-22.

FINANCIAL

Adams net leaps 43%

PAWTUCKET, R.I.—Adams Drug recorded a 42.6% increase in net earnings to $1.08 million for the third quarter ended Sept. 30.

Third quarter sales totaled $75.6 million, up 5% from the $72 million the chain generated during the same period in 1982. Earnings per share increased from 19¢ during the third quarter 1982 to 26¢ for the third quarter 1983.

Despite operating 36 fewer stores, Adams' nine-month sales for the current fiscal year 1983 were up 5.5% to $219 million from $207.5 million last year.

Year-to-date earnings were up 42.7% to $2.5 million from $1.8 million in the corresponding period a year ago.

Rix 1st qtr. sales increase 10.6%

AUBURNDALE, Mass.—Rix Corp. reported that sales for the first quarter ended Nov. 26 rose 10.6% to $8.8 million from $7.96 million in the comparable year-earlier period. Net earnings for the quarter fell to $10,700, or 2¢ a share, from $25,000, or 4¢ a share.

Drug Systems sales: $31.8M

MILWAUKEE—Drug Systems Inc. reported revenues of $31.8 million and net earnings of $646,000 for the two quarters ended Oct. 15.

This is the first earnings report since Drug Systems went public on July 26. The company is a combination of the White Drug chain and Wil-Car, which operates 27 retail and franchise H&BA units and is a wholesaler to approximately 300 independent retail stores.

1st qtr. ended Nov. 30

Walgreens sales rise 16.4%

DEERFIELD, Ill.—Led by strong gains in its drug store division, Walgreens' sales for the first quarter ended Nov. 30 increased 16.4% to $613 million.

Fred F. Canning, president, attributed the advances in drug store sales to "solid marketing strategies and excellent pharmacy performance."

For the quarter, net earnings reached $12.5 million, or 41¢ a share, from $9.6 million, or 31¢ a share, for the same year-earlier period.

Chairman Charles R. Walgreen III said that net earnings from United States operations, up 49.8% for the quarter, "indicated the company's ability to generate strong sales from an expanding store base, while maintaining firm control on expenses." The results also reflect a lower level of inflation. The LIFO charge for the first quarter this year was 7¢ per share, vs. 10¢ last year.

December sales for the chains were up $13.6% to $338.5 million. That increase came despite inclement weather in most of the company's markets, Walgreens reported.

Walgreen added, "A favorable sell-through of seasonal merchandise will aid profitability. We anticipate an excellent business climate in 1984, and a very successful year for Walgreens."

The drug store division is scheduled to open 80 new drug stores and remodel 70 in fiscal 1984. "Company expansion is on target," Walgreen said. "We will reach a company milestone this year when we open the 1,000th Walgreen drug store."

The chain also just launched two more of its Home Medical Centers bringing the company total to three. According to Walgreen, the chain is evaluating the potential for expansion in this field.

Growth plans for the company's food services include the addition of Wag's stores in Florida and Chicago. Walgreens concluded the year with a total of 1,043 units compared with 979 last year.

Rite Aid stock splits

SHIREMANSTOWN, Pa.—The Rite Aid Corp. board of directors approved a 2 for 1 stock split and a dividend increase, based on the old shares, to 20.5¢ per share from 16¢ per share. Both were payable Jan. 30 to shareholders of record on Jan. 16.

Perry leads chain stocks with 14% advance

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION					
		12/30/83—1/16/84							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change		5-Year Annual Growth Rate			Indicated Dvd. Rate			Last Fiscal Year			Last Fiscal Year (Per Share)		
Name	Symbol	High	Low	Close	Change Amt.	Change Pct.	52-Week High	52-Week Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year	Amt.	Pct.		Profit Margin	Latest P/E Ratio	Amt.	Yield	Last X-Dvd. Date	Revenue	Earnings	Current Ratio	Long Term Debt	Common Stock Equity	Last Balance Sheet Date
—	—	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	—	$	%	—	$ Mil.	$ Mil.	—	$	$	—
Adams Drug	ADG	19.25	16.38	17.75	1.13	6.77	24.88	8.38	-.84	-.71	1.87	-26.82	1.12	.39 N	42.8	17.0	1.6	13.7	.04	.2	12-09-83	286.2	4.6	2.8	8.00	9.74	1282
Am Stores	ASC	40.13	37.75	38.13	-1.50	-3.79	44.00	19.41	-.25	-.85	-.91	31.01	2.69	.87 N	35.2	44.0	1.2	11.4	.48	1.3	12-09-83	7507.8	90.4	1.4	11.95	12.14	0183
Begley Drug	BGLY	16.50	16.50	16.50	.00	.00	24.00	9.50	-.32	.12	-5.46	-80.00	1.47	1.27 S	NC	-12.0	1.4	13.0	.68	4.1	01-16-84	56.8	.8	1.8	11.50	17.52	0383
Big B	BIGB	13.25	12.38	12.50	-.50	-3.85	14.50	7.25	-.09	-1.33	1.23	-22.28	.39	.12 N	34.2	25.0	2.9	26.6	.00	.0	09-21-83	87.4	2.5	2.5	.21	3.36	1282
Dart Drug Corp	DRUGA	67.00	64.00	64.00	1.00	1.59	148.00	29.75	.23	-.49	-5.46	43.48	5.43	6.32 N	207.2	67.0	3.1	6.8	.13	.2	12-06-83	291.8	9.1	2.0	12.01	28.91	0183
Eckerd, Jack	ECK	28.00	25.50	25.63	-2.13	-7.66	34.88	23.25	-.39	-.72	1.69	-26.73	1.91	.16 Q	8.8	4.0	3.1	13.1	.96	3.7	11-03-83	2325.0	71.7	2.0	30	15.17	0783
Fay's Drug	FAY	13.75	11.75	12.25	-1.00	-7.55	14.50	6.56	-.32	-2.03	2.43	24.52	.48	.13 N	31.7	32.0	2.0	22.7	.14	1.1	12-23-83	270.3	5.5	2.0	2.17	2.23	0183
Genovese Drug	GDX	17.50	14.88	16.00	-1.38	-7.91	20.50	5.84	-.67	.60	2.07	-43.42	.67	.26 N	45.6	32.0	1.6	19.3	.20	1.3	12-28-83	158.7	2.6	1.7	1.90	4.95	0183
Hook Drugs	HOOK	29.25	28.50	28.75	-.50	-1.71	29.75	15.34	.01	.29	-4.49	-36.05	1.52	.73 N	55.7	10.0	2.3	14.1	1.00	3.5	01-09-84	285.2	6.6	1.7	2.86	9.37	1282
Longs Drg Strs	LDG	49.75	46.63	47.63	-1.00	-2.06	50.13	34.00	.00	.22	-3.44	-6.39	2.92	.46 N	16.3	10.0	2.8	14.5	1.12	2.4	11-22-83	1123.2	30.9	1.8	.00	18.76	0183
Pay N Save	PAYN	26.75	23.00	23.00	-2.88	-11.11	28.75	16.44	-.45	-1.79	-4.28	20.50	1.52	.89 N	69.5	4.0	1.6	10.6	.56	2.4	11-17-83	1043.2	16.8	2.3	17.01	14.32	0183
Pay Less NW	PAY	18.00	17.00	17.13	-1.00	-5.52	20.19	12.25	-.21	-.09	-.90	-6.56	1.07	.21 N	21.2	.0	2.5	14.3	.27	1.6	03-19-84	784.7	19.4	2.0	5.26	6.07	0183
Peoples Drug	PDG	25.75	24.75	24.75	-.75	-2.94	31.75	16.50	.19	-.42	-2.32	-12.92	1.79	.40 F	28.7	23.0	1.7	13.8	.28	1.1	11-18-83	791.1	13.7	1.8	4.92	11.56	0983
Perry Drug	PDS	18.38	16.38	18.38	2.25	13.95	22.38	8.91	-.37	1.31	3.40	47.74	1.02	.29 F	39.7	7.0	1.6	18.0	.24	1.3	12-21-83	285.5	4.5	1.9	6.04	6.50	1082
Revco Drug	RDS	37.50	34.13	36.38	1.75	5.05	37.50	25.09	.39	-.23	-.05	-36.70	2.13	.53 S	29.9	24.0	3.7	15.8	.68	1.9	11-18-83	1792.8	66.5	2.5	1.33	11.59	0583
Rite Aid Corp	RAD	44.63	39.38	39.50	-5.00	-11.24	46.88	28.19	-.24	-.87	1.57	-18.64	2.37	1.23 N	85.4	26.0	3.9	14.8	.64	1.6	10-11-83	1294.7	49.9	1.7	1.17	12.38	0283
Thrifty Cp	TFD	19.00	16.00	16.38	-1.13	-6.43	25.25	8.63	-.61	-2.94	2.31	38.69	1.13	.21 F	22.8	18.0	1.9	14.5	.46	2.8	11-03-83	1187.8	22.5	1.5	5.62	6.14	0882
Walgreen Co	WAG	38.25	36.63	38.13	-.13	-.33	40.38	26.00	-.28	.98	.61	2.19	2.24	.46 Q	24.4	34.0	2.9	16.3	.72	1.9	11-04-83	2360.6	69.0	1.6	1.76	11.47	0683
Wholesaler's transactions																											
Bergen Bruns	BBCA	27.38	23.75	27.38	3.38	14.06	39.50	23.63	.00	1.37	.28	1.11	1.60	.24 Q	17.0	40.0	1.4	16.6	.32	1.2	10-26-83	1452.0	20.0	1.6	1.22	9.99	0883
McKesson Cp	MCK	44.25	39.63	41.50	1.63	4.08	51.00	37.50	.10	-.94	2.32	23.44	3.44	-.09 S	-2.5	5.0	1.6	12.0	2.40	5.8	11-25-83	4053.7	63.2	1.6	15.78	29.70	0383
Foxmeyer Cp	FOXM	26.75	24.00	25.75	1.75	7.29	28.50	22.25	.47	-.09	-1.56	-49.59	.94	1.32 S	NC	99.0	.7	19.5	.00	.0	00-00-00	351.1	2.3	2.2	15.38	3.87	0383
Ketchum	KCH	20.25	15.38	20.00	4.38	28.00	20.25	10.09	.59	1.72	7.07	-41.18	.89	.49 S	106.5	112.0	.4	21.1	.00	.0	09-26-83	211.4	.9	1.5	5.87	5.68	0483
Owens & Minor	OBOD	16.00	15.25	15.50	.25	1.64	19.25	12.75	-.36	.12	-4.00	10.00	.77	.18 N	16.3	5.0	.7	12.1	.32	2.1	12-09-83	211.4	1.5	2.8	10.55	9.76	1282
Spectro Indus	SPO	21.00	19.63	20.50	.50	2.50	28.75	17.00	-.14	.00	1.51	.60	1.35	.31 N	25.0	48.0	1.6	13.2	.14	.7	12-29-83	339.1	5.4	1.7	2.86	7.24	0383
Manufacturer's transactions																											
Abbott Labs	ABT	48.25	44.00	45.50	.25	.55	53.38	36.13	.11	-.72	-3.06	12.41	2.37	.44 N	19.4	26.0	11.1	16.9	1.00	2.2	01-09-84	2602.4	289.1	1.3	1.56	10.74	1282
Am Home Prod	AHP	51.25	49.38	50.75	1.13	2.27	54.25	41.75	-.09	.20	-.26	-13.21	3.59	.39 N	11.1	16.0	12.2	13.1	2.40	4.7	11-03-83	4582.1	560.1	2.7	.00	11.83	1282
Baxter Travenol	BAX	24.88	21.88	22.50	-.75	-3.23	31.31	20.00	.09	-1.10	-2.97	-11.24	1.22	.26 N	22.6	25.0	11.2	16.0	.28	1.2	11-18-83	1671.4	186.9	2.0	1.18	7.52	1282
Block Drugs Co	BLOCA	27.50	27.00	27.50	.50	1.85	34.47	20.88	.17	.13	-3.23	38.00	2.85	.40 S	15.3	14.0	9.7	9.1	1.00	3.6	11-25-83	219.0	21.3	2.5	2.35	17.84	0383
Bristol-Myers	BMY	45.13	42.13	45.13	2.88	6.80	47.88	31.19	.12	.75	1.18	7.42	2.59	.35 N	13.7	18.0	9.7	15.6	1.20	2.7	12-30-83	3599.9	348.7	2.3	.84	12.68	1282
Carter-Wallace	CAR	24.38	19.88	24.38	3.50	16.77	29.00	18.00	.15	2.48	6.41	.48	2.12	.50 S	28.4	38.0	5.7	10.8	.48	2.0	11-09-83	289.9	16.5	2.6	1.57	20.15	0383
Forest Labs	FRX	32.25	26.50	32.00	5.00	18.52	40.75	19.13	.25	.84	-.53	-5.76	.48	-.08 S	-13.5	62.0	13.4	62.7	.00	.0	01-14-83	18.6	2.5	3.7	.37	3.03	0383
ICN Pharm	ICN	7.75	6.88	7.00	-.13	-1.75	15.25	6.63	-.41	-.22	-4.01	-5.98	.42	-.11 N	-27.5	38.0	7.8	24.1	.00	.0	00-00-00	38.7	3.0	1.8	.65	3.81	1182
Key Pharm	KPH	20.25	17.75	19.75	2.25	12.86	25.94	13.59	.63	-.14	-3.71	-6.37	.34	.15 N	51.7	80.0	14.9	44.9	.13	.7	11-04-83	82.3	12.3	1.6	.03	1.14	1282
Lilly Eli Co	LLY	61.75	58.13	61.25	3.38	5.83	68.38	56.75	.05	-.04	-.60	12.35	5.42	.62 N	11.8	13.0	13.9	10.4	2.90	4.7	02-08-84	2962.7	411.8	1.9	.65	27.10	1282
Lee Pharm	LPH	2.75	2.25	2.50	.25	11.11	4.38	2.00	-.14	.00	.43	-10.68	-.49	.16 F	NE	-86.0	-14.3	NE	.00	.0	00-00-00	7.0	-1.0	1.9	.46	1.98	0982
Marion Labs	MKC	41.00	37.25	39.00	.25	.65	48.00	22.06	-.08	.11	-4.48	8.56	.78	.33 Q	60.0	13.0	8.2	44.3	.40	1.0	12-14-83	181.2	14.8	2.5	.05	5.93	0683
Merck & Co	MRK	91.88	88.00	89.75	-.63	-.69	104.63	81.75	-.24	.37	1.35	-5.88	5.61	.51 N	9.2	9.0	13.6	14.9	3.00	3.3	11-29-83	3063.0	415.1	2.1	4.56	29.81	1282
Morton Thiokol	MTI	83.00	76.25	81.25	4.50	5.86	83.00	52.75	.11	.08	1.79	-41.19	5.15	1.45 Q	35.8	16.0	5.2	14.8	1.76	2.2	11-23-83	1509.2	78.5	1.4	8.90	32.79	0683
Newport Ph	NWPH	7.25	6.00	6.88	.63	10.00	11.38	5.88	-.43	.68	-.61	-2.73	-.03	.00 S	NE	19.0	-3.4	NE	.00	.0	00-00-00	8.8	-.3	3.7	.24	1.12	0483
Pfizer Inc	PFE	39.00	35.50	36.00	.25	.70	44.75	33.63	-.03	.26	-1.90	-11.98	2.13	.58 N	28.5	15.0	9.6	13.8	1.32	3.7	01-26-84	3453.6	332.8	2.0	3.37	12.82	1282
Reid Prov Labs	REID	3.75	3.50	3.50	.00	.00	6.09	1.75	-1.05	-1.85	-7.44	-8.80	.10	.07 Q	116.6	72.0	6.1	26.9	.05	1.4	12-09-83	11.4	.7	3.1	.03	.80	0683
Robins, AH	RAH	23.25	22.00	22.88	.75	3.39	29.38	16.00	.07	.07	-.57	26.53	1.98	.51 N	27.4	19.0	10.1	9.7	.68	3.0	11-15-83	482.3	48.7	4.0	1.50	13.29	1282
Rorer Group	ROR	31.25	30.13	30.75	.50	1.65	34.25	22.38	-.17	-.22	-4.18	-13.41	1.82	.15 N	8.3	12.0	9.0	15.9	1.08	3.5	11-03-83	402.4	36.3	2.1	1.13	9.54	1282
Scherer RP Co	SCHC	17.50	16.00	17.50	.88	5.26	29.63	16.00	-.41	.33	-1.75	-52.24	1.13	-.25 S	-23.5	4.0	5.2	21.6	.32	1.8	12-07-83	169.7	8.8	2.5	4.57	10.88	0383
Searle, GD	SRL	46.38	41.25	42.50	-1.38	-3.13	55.88	34.75	-.46	-1.97	-.29	14.43	2.77	-.13 N	-5.1	25.0	13.5	17.9	.52	1.2	10-31-83	1036.9	140.4	2.2	4.10	13.32	1282
Squibb Corp	SQB	47.38	43.38	45.13	-.50	-1.10	55.63	38.25	-.22	.35	2.80	5.82	3.01	1.69 N	111.9	2.0	9.2	14.1	1.44	3.2	11-14-83	1660.8	153.6	2.3	6.54	21.29	1282
Sterling Drug	STY	28.88	26.75	27.38	.25	.92	29.63	22.25	.04	-.83	-.73	-13.84	2.17	-.01 N	-.4	9.0	7.3	12.6	1.12	4.1	11-09-83	1796.2	132.0	2.8	1.19	14.16	1282
Syntex Corp	SYN	56.25	49.00	49.50	-3.75	-7.04	62.50	46.63	-.25	-2.54	4.70	28.76	4.30	.51 Q	12.9	40.0	17.2	11.1	1.40	2.8	11-03-83	870.2	149.3	2.2	1.11	17.03	0782
Thompson Med	TM	18.88	17.13	18.50	1.00	5.71	26.00	11.25	-.64	1.93	6.17	37.45	1.16	.48 N	43.2	69.0	12.7	11.6	.40	2.2	12-23-83	91.0	11.6	4.5	.00	4.53	1182
Upjohn Co	UPJ	62.38	58.38	61.13	1.88	3.16	68.75	49.25	.24	.09	2.28	-36.55	4.18	.10 N	2.0	5.0	6.9	12.2	2.56	4.2	01-03-84	1828.7	126.0	2.0	15.26	32.19	1282
Warner-Lambrt	WLA	32.00	29.38	31.88	2.25	7.59	35.00	25.75	.35	.74	2.28	-25.59	2.05	.09 N	4.1	-3.0	5.0	14.0	1.48	4.6	10-31-83	3246.0	163.2	2.1	8.51	17.28	1282

KEY: NA — Not Applicable NC — Not Calculable NE — Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year

* — Other than a quarterly multiple resulting from a fiscal year change.

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA

MERCHANDISER

New suncare items to stress cosmetics

By Jim Ricchiuti

The suncare industry will attempt to top 1983's sizzling selling season by introducing a variety of new facial and specialty suntan products and by continuing to place a heavy emphasis on products with a high sun protection factor.

In recent years, many of the new products launched by the industry have had a decidedly cosmetic appeal, which is not surprising considering that the suncare market is made up almost entirely of women consumers.

Retailers have picked up on the industry's strategy and in addition to merchandising these products in the traditional endcaps and seasonal sections, some chains are now moving high ticket suncare products into available cosmetics department space.

At Kerr Drugs, based in Raleigh, N.C., buyer Johnny Kerr said the chain is strategically placing its high-end lotions in glass gondolas and on promotional shelving in the cosmetics department.

"We mass them around the cosmetics department and try to tie in just about everything you can think of with them," Kerr said.

Among the notable products being introduced for the '84 season are a facial gel and a tanning spray oil from Charles of the Ritz, an Aloe Vera SPF 6 lotion and a waterproof SPF 15 block out lotion from Carter-Wallace, a new Tropical Blend product with a tequila fragrance and a reformulated lip protection product with an SPF of 15 from Plough and a water-resistant sunscreen lotion and a sunburn relief product with Aloe Vera from Tanning Research Laboratories.

Buyers surveyed by *Drug Store News* said that as with many of the new H&BA introductions, they will be cautious in their approach to the new suncare products. However, many drug retailers also pointed out that because the advertising dollars allocated to support these products are so heavily concentrated during the relatively short selling season, new products can often secure a high degree of brand awareness among consumers in a short time.

"Most of the lines are on a guaranteed sales basis, so there's not much risk," Kevin McGivne, buyer at Genovese Drugs, based in Melville, N.Y., also noted.

One product that created a great deal of interest last year in the South will be brought into more chains this year. Panama Jack, as the product is known, was one of the hottest items in the category last year, according to buyer Johnny Kerr. In much the same manner that Hawaiian Tropics was launched, Panama Jack was sold on the beaches of south Florida, the proving ground for many suntan products. A small sales force has been selling the product store to store along with Panama Jack T-shirts, and, according to a number of buyers, it has really taken off.

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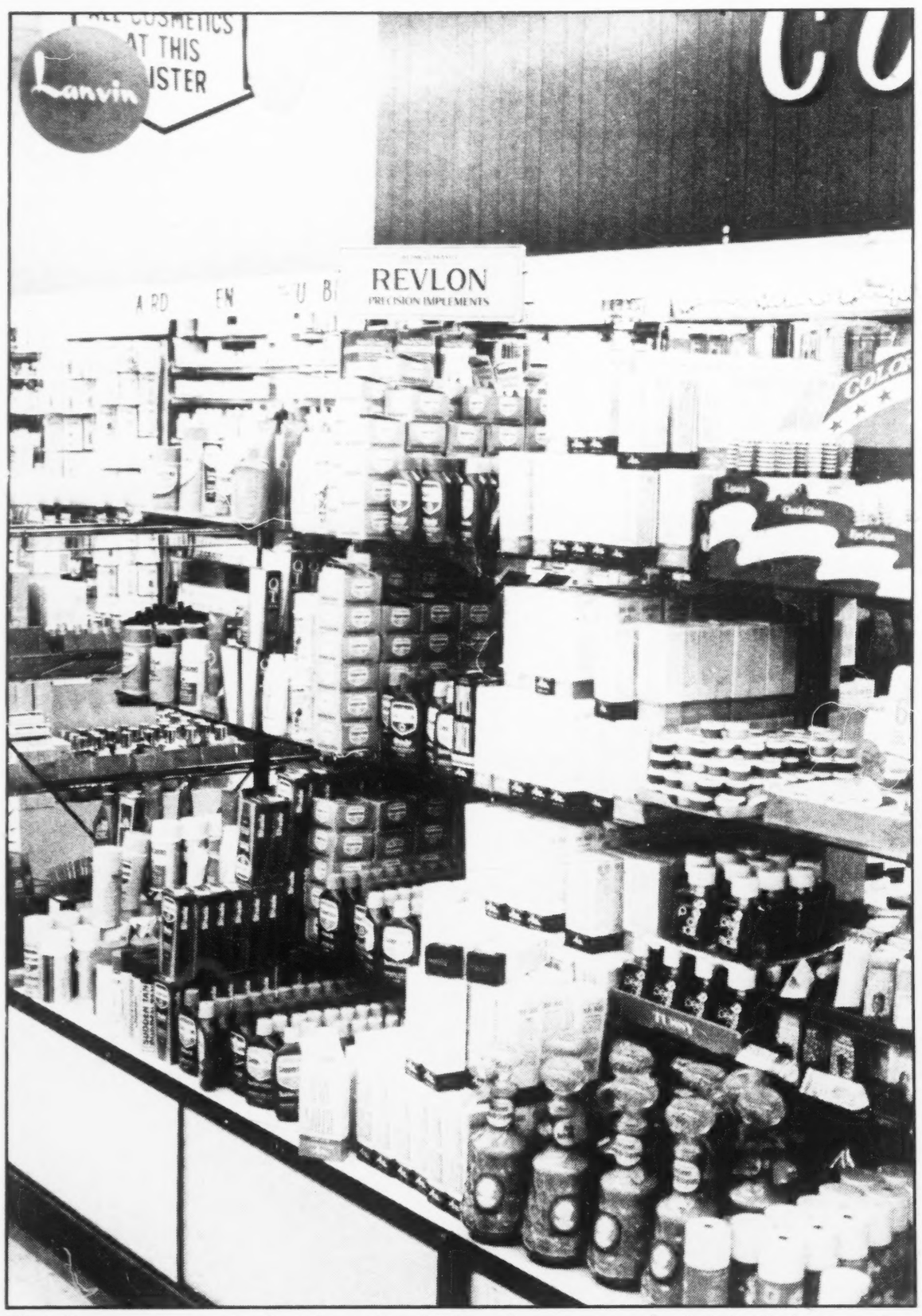


Retailers are increasingly integrating high-end suncare products into their cosmetics departments.

Sunglass market demands heavy promos

Nineteen eighty-four is shaping up to be a crucial year for the sunglasses category in chain drug stores, a year in which drug chains are going to have to promote more heavily if they are to combat the market share inroads by discount stores and supermarkets.

For the past few years sunglass sales have not been overly strong in drug stores. Many retailers have linked the poor showing to consumer buying resistance created by the recession.

However, with the economy running with considerable more steam, it would seem logical that drug retailers would enjoy a strong season. But statistics obtained from the A. C. Nielsen Company suggest the problems affecting the sunglass category in drug stores may be more complex than just a poor economy.

Figures compiled by Nielsen indicate that the two main retail outlets that are in direct competition for the low-end sunglasses market, which drug stores traditionally have been strongest in, showed substantial sales increases over 1982.

For the first 10 months of 1983, discount store sales of sunglasses were up an extraordinary 29% over the same period in 1982, according to Nielsen. And while the Chicago-based research company said that the increase may have been inflated somewhat by the addition of another discount chain to its sampling, the sales improvement is still quite significant.

The other main competitor in the low-end sunglasses market, supermarkets, scored a 5% sales gain during the first 10 months of 1983.

For drug stores, the news was anything but good. According to the Nielsen figures, chain and independent drug stores measured collectively showed no net sales gain at all from January to October last year over the same period in 1982. And chain drug stores fared only slightly better than independents. Chains recorded a 1% increase in sales.

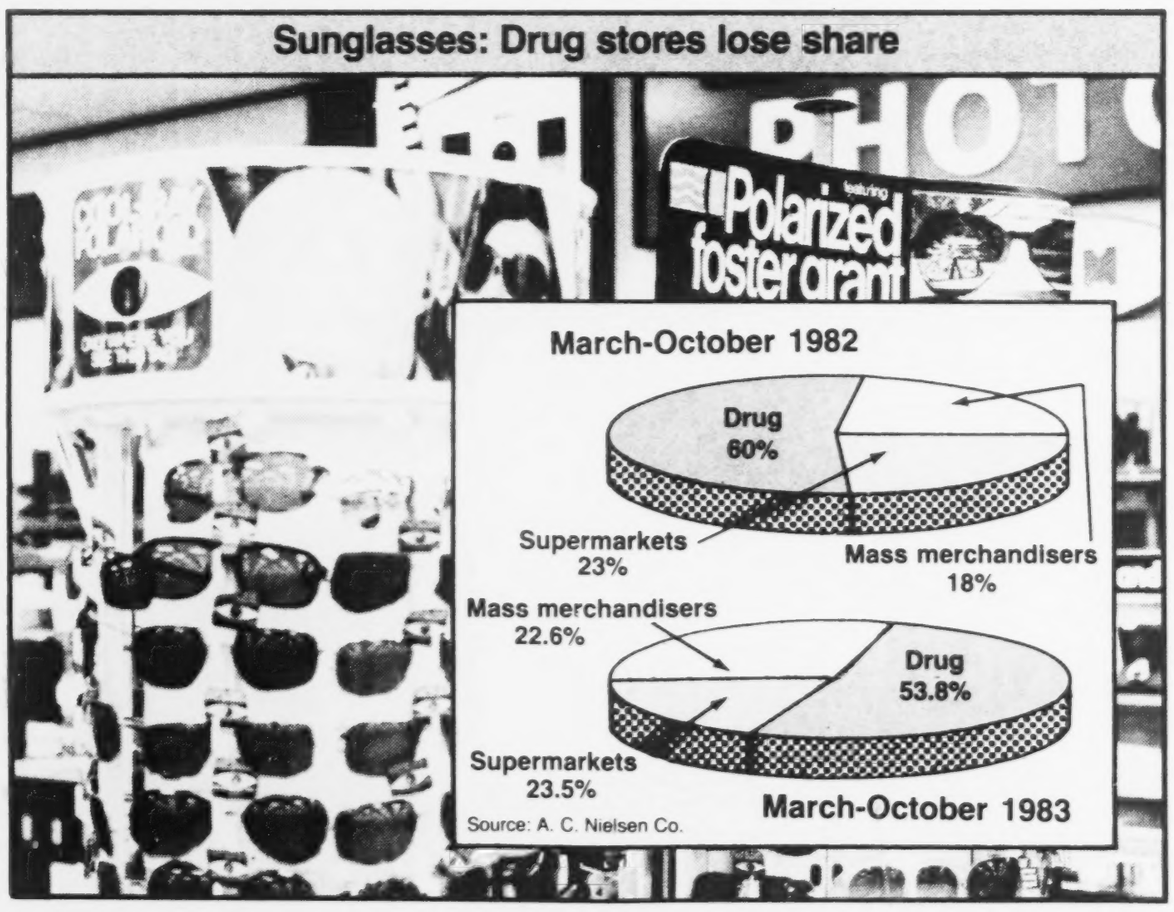
While drug stores are in no immediate danger of losing their dominance over supermarkets and discount stores, the increased competition is becoming a growing problem. In 1982, Nielsen reported that food stores and discount stores generated increases in market share. These increases have come at the expense of drug stores.

Drug stores in 1982 controlled approximately 60% of the low-end sunglasses market. Supermarkets generated an estimated 23% of the volume and mass merchandisers accounted for 18% of the market. However, these figures are certain to change after the inroads made by discount stores are considered this year.

What are discount stores doing that drug stores aren't? One industry source points out that they have been much more aggressive promotionally. But he sees drug chains changing their strategies this year. "Chains are going to promote earlier and more often this year to get a jump on the market."

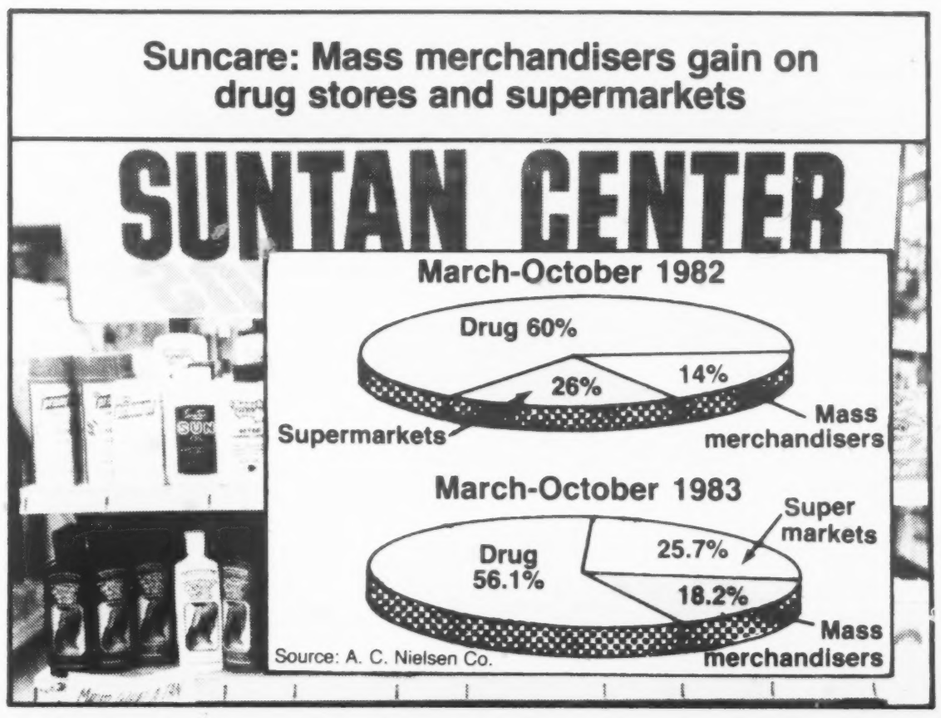
Most drug retailers would agree that they could do a better job with the sunglasses category. In some cases, chains have been spoiled by their past successes in the category. However, like a number of other "core" drug store categories, retailers are realizing that they will have to either become more competitive.

Continued on page 36



MERCHANDISER

New suncare products to emphasize cosmetics



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Initially some buyers feared the vast number of line extensions in recent years would result in lines cannabalizing one another. However, few buyers believe this will happen now. The general consensus among buyers is that the suncare consumer is becoming increasingly sophisticated about the products on the market and is willing to purchase more than one.

Many chains now kick off the season by heavily promoting products that have a lower sun protection factor (SPF). As the season progresses, buyers said, they push the sun blocks more heavily. As one buyer at a major chain based in the South noted, "Anybody who has a tan by July isn't going to buy more suntan lotions, unless it's a sun block."

The rapid growth of the sun block category is still coming as a surprise to some chains. Several buyers reported that the unseasonably hot summer last year caused them to sell out products with higher SPF's much faster than they anticipated.

"Last year the sunscreen category really took off," said Nathan Roach, buyer at Medicare Glaser, based in St. Louis, Mo. "Sales increased dramatically over the year before. This year we're going to double the space we give the sunscreens."

At Lane Drugs, based in Toledo, Ohio, buyer Tom Sullivan noted, "Sun blocks are the real hot category right now.

"We're probably advertising the sun blocks more than we were four to five years ago," Sullivan continued. "We realize that it is a big part of the business today."

As successful as the suncare category was last year for many drug chains, several buyers reported that they are going to step up promotions and employ some different merchandising techniques this year.

"I think that there were a lot of things that we didn't do last year that we could have done to generate more interest," said Medicare Glaser's Roach. This year he said the chain will planogram its suncare endcap displays for the first time.

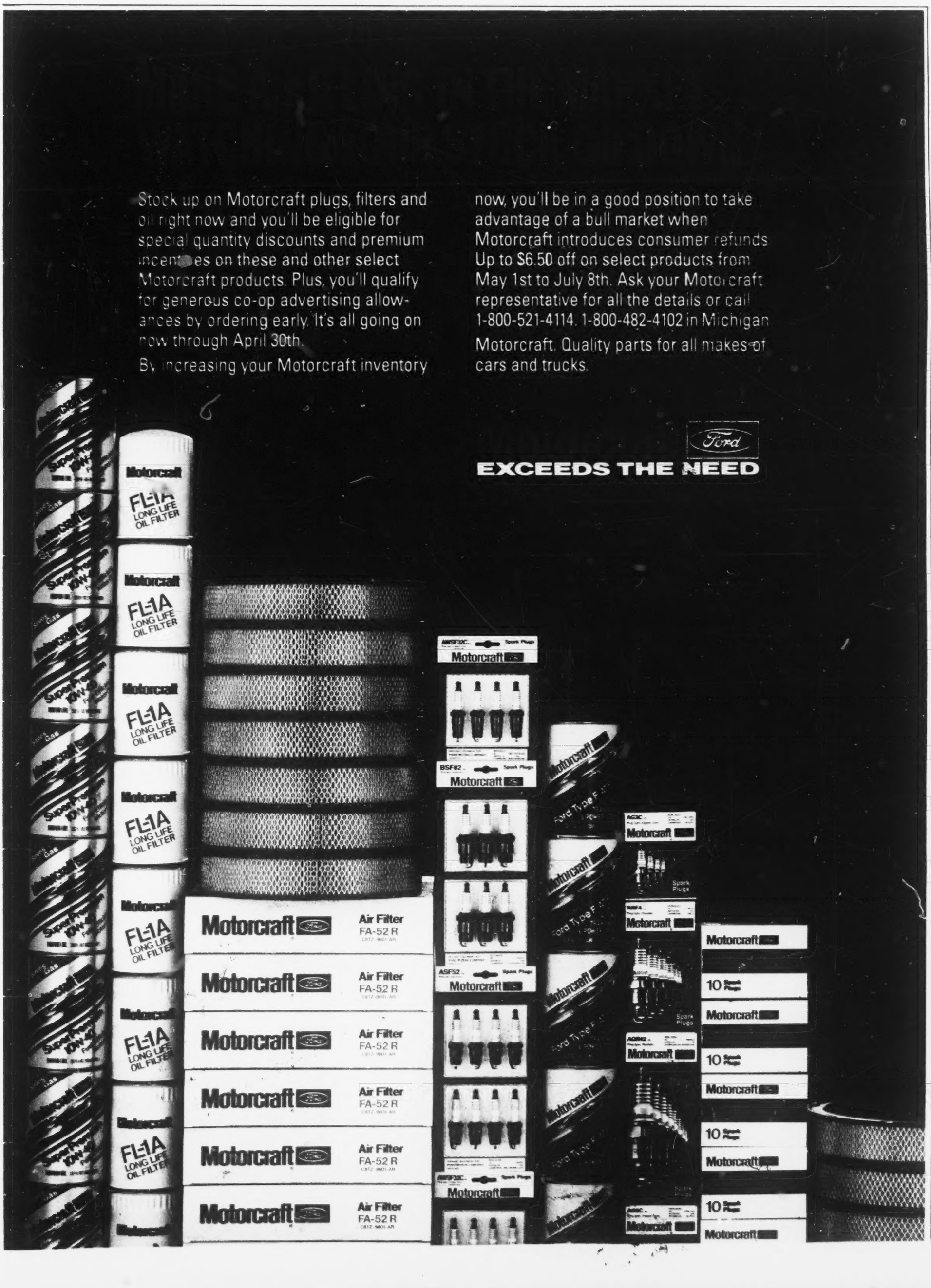
"One of the things we found last year was that every item could not be seen by the customer," Roach said. "By planogramming our endcaps we're going to make sure that every item has a home." He also said that the chain would use more small displays in key locations throughout the store to take advantage of impulse buys.

Melvin Vescopo, a buyer at Super D, based in Memphis, Tenn., will merchandise all of the chain's suncare products in one display this year. "The advantage of doing this is that you give the customer a selection of the whole line and it's not as hard for someone in the store to keep the section up," said Vescopo.

Some chains use store contests as a way of building sales in the category. Lane Drugs conducted a suntan contest in its Canton, Ohio, stores in conjunction with a local radio station and a suntan manufacturer. According to Sullivan, a contest serves as a useful "little promotion that seems to attract a lot of interest and gets people enthused about summer."

Lane also takes full advantage of co-op advertising dollars from manufacturers. "We had a real good advertising program last year and we were able to generate a lot of dollars in advertising money," Sullivan said. This year he said advertising for the suncare category "will be equal to if not a little more than last year."

Competition may also force drug chains this year to take a more aggressive position in pricing. Drug stores currently control approximately 60% of the market and sales have been growing at a rate of 7% a year, according to A. C. Nielsen. Supermarkets, while accounting for a much smaller 26% of the market, are experiencing suncare sales increases of 9% a year.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